

Rural Utilities Service, USDA

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397 Communication Equipment

This account shall include the cost installed of telephone, telegraph, and wireless equipment for general use in connection with utility operations.

Items

1. Antennae.
2. Booths.
3. Cables.
4. Distributing boards.
5. Extension cords.
6. Gongs.
7. Hand sets, manual and dial.
8. Insulators.
9. Intercommunicating sets.
10. Loading coils.
11. Operators' desks.
12. Poles and fixtures used wholly for telephone or telegraph wire.
13. Radio transmitting and receiving sets.
14. Remote control equipment and lines.
15. Sending keys.
16. Storage batteries.
17. Switchboards.
18. Telautograph circuit connections.
19. Telegraph receiving sets.
20. Telephone and telegraph circuits.
21. Testing instruments.
22. Towers.
23. Underground conduit used wholly for telephone or telegraph wires and cable wires.

398 Miscellaneous Equipment

This account shall include the cost of equipment, and apparatus used in the utility operations, which is not includible in other accounts.

Items

1. Hospital and infirmary equipment.
 2. Kitchen equipment.
 3. Employees' recreation equipment.
 4. Radios.
 5. Restaurant equipment.
 6. Soda fountains.
 7. Operators' cottage furnishings.
 8. Other miscellaneous equipment.
- NOTE: Miscellaneous equipment of the nature indicated above wherever practicable, shall be included in the utility plant accounts on a functional basis.

399 Other Tangible Property

This account shall include the cost of tangible utility plant not provided for elsewhere.

§ 1767.21 Operating income.

The operating income accounts identified in this section shall be used by all RUS borrowers.

UTILITY OPERATING INCOME

400 Operating Revenues

- 401 Operation Expense
- 402 Maintenance Expense
- 403 Depreciation Expense
- 403.1 Depreciation Expense—Steam Production Plant
- 403.2 Depreciation Expense—Nuclear Production Plant
- 403.3 Depreciation Expense—Hydraulic Production Plant
- 403.4 Depreciation Expense—Other Production Plant
- 403.5 Depreciation Expense—Transmission Plant
- 403.6 Depreciation Expense—Distribution Plant
- 403.7 Depreciation Expense—General Plant
- 404 Amortization of Limited-Term Electric Plant
- 405 Amortization of Other Electric Plant
- 406 Amortization of Electric Plant Acquisition Adjustments
- 407 Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs
- 407.3 Regulatory Debits
- 407.4 Regulatory Credits
- 408 Taxes Other than Income Taxes
- 408.1 Taxes—Property
- 408.2 Taxes—U.S. Social Security—Unemployment
- 408.3 Taxes—U.S. Social Security—F.I.C.A.
- 408.4 Taxes—State Social Security—Unemployment
- 408.5 Taxes—State Sales—Consumers
- 408.6 Taxes—Gross Revenue or Gross Receipts Tax
- 408.7 Taxes—Other
- 409 [Reserved]
- 409.1 Income Taxes, Utility Operating Income
- 409.2 Income Taxes, Other Income and Deductions
- 409.3 Income Taxes, Extraordinary Items
- 410 [Reserved]
- 410.1 Provision for Deferred Income Taxes, Utility Operating Income
- 410.2 Provision for Deferred Income Taxes, Other Income and Deductions
- 411 [Reserved]
- 411.1 Provision for Deferred Income Taxes—Credit, Utility Operating Income
- 411.2 Provision for Deferred Income Taxes—Credit, Other Income and Deductions
- 411.3 [Reserved]
- 411.4 Investment Tax Credit Adjustments, Utility Operations
- 411.5 Investment Tax Credit Adjustments, Nonutility Operations
- 411.6 Gains from Disposition of Utility Plant
- 411.7 Losses from Disposition of Utility Plant
- 411.8 Gains from Disposition of Allowances
- 411.9 Losses from Disposition of Allowances
- 412 Revenues from Electric Plant Leased to Others

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- 413 Expenses of Electric Plant Leased to Others
- 414 Other Utility Operating Income

UTILITY OPERATING INCOME

400 Operating Revenues

There shall be shown under this caption the total amount included in the electric operating revenue accounts provided herein.

401 Operation Expense

There shall be shown under this caption the total amount included in the electric operation expense accounts provided herein. (See note to §1767.17 (c).)

402 Maintenance Expense

There shall be shown under this caption the total amount included in the electric maintenance expense accounts provided herein.

403 Depreciation Expense

A. This account shall include the amount of depreciation expense for all classes of depreciable electric plant in service except such depreciation expense as is chargeable to clearing accounts or to Account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work.

B. The utility shall keep such records of property and property retirements as will reflect the service life of property which has been retired and aid in estimating probable service life by mortality, turnover, or other appropriate methods; and also such records as will reflect the percentage of salvage and costs of removal for property retired from each account, or subdivision thereof, for depreciable electric plant.

NOTE A: Depreciation expense applicable to property included in Account 104, Electric Plant Leased to Others, shall be charged to Account 413, Expenses of Electric Plant Leased to Others.

NOTE B: Depreciation expenses applicable to transportation equipment, shop equipment, tools, work equipment, power operated equipment, and other general equipment may be charged to clearing accounts as necessary in order to obtain a proper distribution of expenses between construction and operation.

NOTE C: Depreciation expense applicable to transportation equipment used for transportation of fuel from the point of acquisition to the unloading point shall be charged to Account 151, Fuel Stock.

C. Account 403 shall be subaccounted as follows:

- 403.1 Depreciation Expense—Steam Production Plant
- 403.2 Depreciation Expense—Nuclear Production Plant

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- 403.3 Depreciation Expense—Hydraulic Production Plant
- 403.4 Depreciation Expense—Other Production Plant

- 403.5 Depreciation Expense—Transmission Plant
- 403.6 Depreciation Expense—Distribution Plant
- 403.7 Depreciation Expense—General Plant

- 404 Amortization of Limited-Term Electric Plant

- 405 Amortization of Other Electric Plant

This account shall include amortization charges applicable to amounts included in the electric plant accounts for limited-term franchises, licenses, patent rights, limited-term interests in land, and expenditures on leased property where the service life of the improvements is terminable by action of the lease. The charges to this account shall be such as to distribute the book cost of each investment as evenly as may be over the period of its benefit to the utility. (See Account 111, Accumulated Provision for Amortization of Electric Utility Plant.)

405 Amortization of Other Electric Plant

A. When authorized by RUS, this account shall include charges for amortization of intangible or other electric utility plant which does not have a definite or terminable life and which is not subject to charges for depreciation expense.

B. This account shall be supported in such detail as to show the amortization applicable to each investment being amortized, together with the book cost of the investment and the period over which it is being written off.

406 Amortization of Electric Plant Acquisition Adjustments

This account shall be debited or credited, as appropriate, with amounts includible in operating expenses, pursuant to approval or order of RUS, for the purpose of providing for the extinguishment of the amount in Account 114, Electric Plant Acquisition Adjustments.

407 Amortization of Property Losses, Unrecovered Plant and Recovery Study Costs

This account shall be charged with amounts credited to Account 182.1, Extraordinary Property Losses, when RUS has authorized the amount in the latter account to be amortized by charges to electric operations.

407.3 Regulatory Debits

This account shall be debited, when appropriate, with the amounts credited to Account 254, Other Regulatory Liabilities, to record regulatory liabilities imposed on the utility by the ratemaking actions of regulatory agencies. This account shall also be

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debited, when appropriate, with the amounts credited to Account 182.3, Other Regulatory Assets, concurrent with the recovery of such amounts in rates.

407.4 Regulatory Credits

This account shall be credited, when appropriate, with the amounts debited to Account 182.3, Other Regulatory Assets, to establish regulatory assets. This account shall also be credited, when appropriate, with the amounts debited to Account 254, Other Regulatory Liabilities, concurrent with the return of such amounts to customers through rates.

408 Taxes Other Than Income Taxes

A. This account shall include the amounts of ad valorem, gross revenue, or gross receipts taxes, state unemployment insurance, franchise taxes, Federal excise taxes, social security taxes, and all other taxes assessed by Federal, state, county, municipal, or other local governmental authorities, except income taxes.

B. These accounts shall be charged in each accounting period with the amounts of taxes which are applicable thereto, with concurrent credits to Account 236, Taxes Accrued, or Account 165, Prepayments, as appropriate. When it is not possible to determine the exact amounts of taxes, the amounts shall be estimated and adjustments made in current accruals as the actual tax levies become known.

C. The charges to these accounts shall be made or supported so as to show the amount of each tax and the basis upon which each charge is made. In the case of a utility rendering more than one utility service, taxes of the kind includible in these accounts shall be assigned directly to the utility department the operation of which gave rise to the tax, in so far as practicable. Where the tax is not attributable to a specific utility department, it shall be distributed among the utility departments or nonutility operations on an equitable basis after appropriate study to determine such basis.

NOTE A: Special assessments for street and similar improvements shall be included in the appropriate utility plant or nonutility property account.

NOTE B: Taxes specifically applicable to construction and retirement activities shall be included in the cost of construction or the retirement.

NOTE C: Gasoline and other sales taxes shall be charged as far as practicable to the same account as the materials on which the tax is levied.

NOTE D: Social security and other forms of payroll taxes shall be charged to nonutility operations, the specific functional operations, maintenance, and administrative expense accounts, and to construction and re-

tirement activities on a basis related to payroll either directly or by transfers from this account.

NOTE E: Property taxes applicable to the various utility functions shall be charged to the specific functional operations and administrative expense accounts either directly or by transfers from this account.

NOTE F: Interest on tax refunds or deficiencies shall not be included in these accounts but in Account 419, Interest and Dividend Income, or Account 431, Other Interest Expense, as appropriate.

D. Account 408 shall be subaccounted as follows:

408.1 Taxes—Property

408.2 Taxes—U.S. Social Security—Unemployment

408.3 Taxes—U.S. Social Security—F.I.C.A.

408.4 Taxes—State Social Security—Unemployment

408.5 Taxes—State Sales—Consumers

408.6 Taxes—Gross Revenue or Gross Receipts Tax

408.7 Taxes—Other

409 [Reserved]

SPECIAL INSTRUCTIONS

Accounts 409.1, 409.2, and 409.3

A. These accounts shall include the amount of local, state, and Federal income taxes on income properly accruable during the period covered by the income statement to meet the actual liability for such taxes. Concurrent credits for the tax accruals shall be made to Account 236, Taxes Accrued, and as the exact amounts of taxes become known, the current tax accruals shall be adjusted by charges or credits to these accounts.

B. The accruals for income taxes shall be apportioned among utility departments and to Other Income and Deductions so that, as nearly as practicable, each tax shall be included in the expenses of the utility department or Other Income and Deductions, the income from which gave rise to the tax. The tax effects relating to interest charges shall be allocated between utility and nonutility operations. The basis for this allocation shall be the ratio of net investment in utility plant to net investment in nonutility plant.

NOTE A: Taxes assumed by the utility on interest shall be charged to Account 431, Other Interest Expense.

NOTE B: Interest on tax refunds or deficiencies shall not be included in these accounts but in Account 419, Interest and Dividend Income, or Account 431, Other Interest Expense, as appropriate.

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409.1 Income Taxes, Utility Operating Income

This account shall include the amount of those local, state, and Federal income taxes which relate to utility operating income. This account shall be maintained so as to allow ready identification of tax effects (both positive and negative) relating to Utility Operating Income (by department), Utility Plant Leased to Others, and Other Utility Operating Income.

409.2 Income Taxes, Other Income and Deductions

This account shall include the amount of those local, state, and Federal income taxes (both positive and negative), which relate to Other Income and Deductions.

409.3 Income Taxes, Extraordinary Items

This account shall include the amount of those local, state, and Federal income taxes (both positive and negative), which relate to Extraordinary Items.

410 [Reserved]

SPECIAL INSTRUCTIONS

Accounts 410.1, 410.2, 411.1, and 411.2

A. Accounts 410.1 and 410.2 shall be debited, and Accumulated Deferred Income Taxes, shall be credited, with amounts equal to any current deferrals of taxes on income or any allocations of deferred taxes originating in prior periods, as provided by the texts of Accounts 190, 281, 282, and 283. There shall not be netted against entries required to be made to these accounts any credit amounts appropriately includible in Account 411.1 or Account 411.2.

B. Accounts 411.1 or 411.2 shall be credited, and Accumulated Deferred Income Taxes, shall be debited, with amounts equal to any allocations of deferred taxes originating in prior periods or any current deferrals of taxes on income, as provided by the texts of Accounts 190, 281, 282, and 283. There shall not be netted against entries required to be made to these accounts any debit amounts appropriately includible in Account 410.1 or Account 410.2.

410.1 Provision for Deferred Income Taxes, Utility Operating Income

This account shall include the amounts of those deferrals of taxes and allocations of deferred taxes which relate to Utility Operating Income (by department).

410.2 Provision for Deferred Income Taxes, Other Income and Deductions

This account shall include the amounts of those deferrals of taxes and allocations of deferred taxes which relate to Other Income and Deductions.

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411 [Reserved]

411.1 Provision for Deferred Income Taxes—Credit, Utility Operating Income

This account shall include the amounts of those allocations of deferred taxes and deferrals of taxes, credit, which relate to Utility Operating Income (by department).

411.2 Provision for Deferred Income Taxes—Credit, Other Income and Deductions

This account shall include the amounts of those allocations of deferred taxes and deferrals of taxes, credit, which relate to Other Income and Deductions.

411.3 [Reserved]

SPECIAL INSTRUCTIONS

Accounts 411.4 and 411.5

A. Account 411.4 shall be debited with the amounts of investment tax credits related to electric utility property that are credited to Account 255, Accumulated Deferred Investment Tax Credits, by companies which do not apply the entire amount of the benefits of the investment credit as a reduction of the overall income tax expense in the year in which such credit is realized. (See Account 255).

B. Account 411.4 shall be credited with the amounts debited to Account 255 for proportionate amounts of tax credit deferrals allocated over the average useful life of electric utility property to which the tax credits relate or such lesser period of time as may be adopted and consistently followed by the company.

C. Account 411.5 shall be debited and credited as directed in paragraphs A and B, for investment tax credits related to nonutility property.

411.4 Investment Tax Credit Adjustments, Utility Operations

This account shall include the amount of those investment tax credit adjustments related to property used in Utility Operations (by department).

411.5 Investment Tax Credit Adjustments, Nonutility Operations

This account shall include the amount of those investment tax credit adjustments related to property used in Nonutility Operations.

411.6 Gains from Disposition of Utility Plant

This account shall include, as approved by RUS, amounts relating to gains from the disposition of future use utility plant including amounts which were previously recorded in and transferred from Account 105, Electric

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Plant Held for Future Use, under the Provisions of Paragraphs B, C, and D thereof. Income taxes relating to gains recorded in this account shall be recorded in Account 409.1, Income Taxes, Utility Operating Income.

411.7 Losses from Disposition of Utility Plant

This account shall include, as approved by RUS, amounts relating to losses from the disposition of future use utility plant including amounts which were previously recorded in and transferred from Account 105, Electric Plant Held for Future Use, under the provisions of Paragraphs B, C, and D thereof. Income taxes relating to losses recorded in this account shall be recorded in Account 409.1, Income Taxes, Utility Operating Income.

411.8 Gains from Disposition of Allowances

This account shall be credited with the gain on the sale, exchange, or other disposition of allowances in accordance with § 1767.15 (u)(8). Income taxes relating to gains recorded in this account shall be recorded in Account 409.1, Income Taxes, Utility Operating Income.

411.9 Losses from Disposition of Allowances

This account shall be debited with the loss on the sale, exchange, or other disposition of allowances in accordance with § 1767.15 (u)(8). Income taxes relating to losses recorded in this account shall be recorded in Account 409.1, Income Taxes, Utility Operating Income.

412 Revenues from Electric Plant Leased to Others

This account shall include revenues from electric property constituting a distinct operating unit or system leased by the utility to others, and which property is properly includible in Account 104, Electric Plant Leased to Others.

NOTE: Related taxes shall be recorded in Account 408, Taxes Other Than Income Taxes, or Account 409.1, Income Taxes, Utility Operating Income, as appropriate.

413 Expenses of Electric Plant Leased to Others

A. This account shall include expenses from electric property constituting a distinct operating unit or system leased by the utility to others, and which property is properly includible in Account 104, Electric Plant Leased to Others.

B. The detail of expenses shall be kept or supported so as to show separately the following:

1. Operation.
2. Maintenance.
3. Depreciation.
4. Amortization.

NOTE: Related taxes shall be recorded in Account 408, Taxes Other Than Income Taxes, or Account 409.1, Income Taxes, Utility Operating Income, as appropriate.

414 Other Utility Operating Income

A. This account shall include the revenues received and expenses incurred in connection with the operations of utility plant, the book cost of which is included in Account 118, Other Utility Plant.

B. The expenses shall include every element of cost incurred in such operations, including depreciation, rents, and insurance.

NOTE: Related taxes shall be recorded in Account 408, Taxes Other Than Income Taxes, or Account 409.1, Income Taxes, Utility Operating Income, as appropriate.

[58 FR 59825, Nov. 10, 1993, as amended at 62 FR 42290, Aug. 6, 1997]

§ 1767.22 Other income and deductions.

The other income and deductions accounts identified in this section shall be used by all RUS borrowers.

OTHER INCOME AND DEDUCTIONS

415 Revenues from Merchandising, Jobbing, and Contract Work

416 Costs and Expenses of Merchandising, Jobbing, and Contract Work

417 Revenues from Nonutility Operations

417.1 Expenses of Nonutility Operations

418 Nonoperating Rental Income

418.1 Equity in Earnings of Subsidiary Companies

419 Interest and Dividend Income

419.1 Allowance for Funds Used During Construction

420 Investment Tax Credits

421 Miscellaneous Nonoperating Income

421.1 Gain on Disposition of Property

421.2 Loss on Disposition of Property

422 Nonoperating Taxes

423 Generation and Transmission Cooperative Capital Credits

424 Other Capital Credits and Patronage Capital Allocations

425 Miscellaneous Amortization

426 [Reserved]

426.1 Donations

426.2 Life Insurance

426.3 Penalties

426.4 Expenditures for Certain Civic, Political, and Related Activities

426.5 Other Deductions

OTHER INCOME AND DEDUCTIONS

415 Revenues from Merchandising, Jobbing and Contract Work

A. This account shall include all revenues derived from the sale of merchandise and